GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

UNSTARRED QUESTION NO:2529
ANSWERED ON:18.12.2003
PRODUCTION OF DEFENCE EQUIPMENT BY PRIVATE SECTOR
CHANDRA BHUSHAN SINGH

Will the Minister of DEFENCE be pleased to state:

(a) whether as many as 13 Letters of Intent have been issued to the private sector for production of defence equipment;

(b) if so, the details thereof;

(c) whether the Government had decided to meet 70 per cent of the total defence requirement indigenously by 2005;

(d) if so, the steps taken by Government in this regard;

(e) whether it is a fact that no company had availed the offer of the Government allowing 26 per cent of Foreign Direct Investment for commencing manufacturing defence related products; and

(f) if so, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI GEORGE FERNANDES)

(a) & (b): The Department of Industrial Policy & Promotion (DIPP), in consultation with the Ministry of Defence have so far issued 15 Letters of Intent for manufacture of various types of defence equipment, which include Armoured & Combat Vehicles, Radars, Electronic Warfare equipment, Warships, Submarine, Avionics, Military aircraft, Safety & Ballistic products, armaments and ammunition etc.

(c) & (d): The Government aims to achieve indigenous content in Defence systems to the extent of 70 percent by 2005.To achieve this, the Government has allowed private sector participation in production of Defence items upto 100% with Foreign Direct Investment permissible upto 26%, both subject to licensing.

(e) & (f): Till date, no proposal of Foreign Direct Investment for manufacturing defence related products has been received. It is entirely a decision of the individual entrepreneur depending on his commercial perception, to seek FDI.